

ASSEMBLY BILL

No. 2591

Introduced by Assembly Member John A. Perez

February 19, 2010

An act to add Chapter 1.5 (commencing with Section 16330) to Part 2 of Division 4 of Title 2 of the Government Code, relating to the state budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 2591, as introduced, John A. Perez. State budget process: nonrecurring revenue.

Under existing law, duties and responsibilities are imposed upon the Governor and the Director of Finance relating to the preparation and submission of the annual state budget to the Legislature, including, among other things, providing a complete plan of all proposed expenditures and estimated revenues for the ensuing fiscal year. Existing provisions of the California Constitution prohibit the Legislature from sending to the Governor for consideration, and prohibit the Governor from signing, a Budget Bill that would appropriate from the General Fund a total amount that, when combined with specific appropriations and transfers, exceeds the General Fund revenues for that fiscal year estimated as of the date of the Budget Bill's passage.

This bill would require that nonrecurring revenue, as defined, be used only for one-time expenditures, as defined, in the Budget Bill for the ensuing year, and would specify the process for estimating, evaluating, and determining the existence of nonrecurring revenue.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 1.5 (commencing with Section 16330) is added to Part 2 of Division 4 of Title 2 of the Government Code, to read:

CHAPTER 1.5. NONRECURRING REVENUE

16330. For purposes of this chapter and Section 12 of Article IV of the California Constitution, the following definitions apply:

(a) “Nonrecurring revenue” means General Fund proceeds of taxes received in a fiscal year from any source that exceed both the amount that the state received from that source in the immediately preceding fiscal year and the amount the state expects to receive from that source in each subsequent fiscal year.

(b) (1) “One-time expenditure” means any of the following:

(A) A transfer by statute to the Budget Stabilization Fund.

(B) An appropriation for one-time infrastructure or other capital outlay purposes.

(C) An appropriation to retire, redeem, or defease outstanding general obligation or other bonded indebtedness of the state.

(D) The return to taxpayers within the current or immediately following fiscal year by a one-time revision of tax rates, or by rebates.

(E) An appropriation for unfunded liabilities for vested nonpension benefits for state annuitants.

(F) Appropriations necessary to meet the outstanding balance of the maintenance factor owed by the state for one or more prior fiscal years pursuant to subdivision (d) of Section 8 of Article XVI of the California Constitution.

(2) “One-time expenditure” does not include either of the following:

(A) An appropriation necessary to meet the state’s obligation under Section 8 of Article XVI of the California Constitution, including any maintenance factor allocation for the current fiscal year required pursuant to subdivisions (d) and (e) of that section.

(B) An appropriation necessary to balance the state budget for the fiscal year in which the nonrecurring revenue is received, the absence of which would produce a deficit for that fiscal year.

1 16331. Based on an analysis of the General Fund proceeds of
2 taxes received through April 30 of each year, the Franchise Tax
3 Board and State Board of Equalization shall identify each source
4 of General Fund proceeds of taxes that is higher than the tax
5 proceeds received from that source in the preceding fiscal year.
6 The Franchise Tax Board and the State Board of Equalization shall
7 provide this information to the Legislature, the Governor, the
8 Controller, and the public by May 15 of each year.

9 16332. By May 31 of each year, the Legislative Analyst and
10 the Director of Finance shall jointly do all of the following:

11 (a) Estimate the amount of nonrecurring revenue deposited in
12 the General Fund as of that date for the current fiscal year and
13 provide this estimate to the Legislature, the Governor, the
14 Controller, and the public. In determining this estimate, the
15 Legislative Analyst and the Director of Finance shall consider, at
16 a minimum, the Governor's estimate of nonrecurring revenue for
17 the current fiscal year; historical growth in General Fund proceeds
18 of taxes, including data provided by the Franchise Tax Board and
19 the State Board of Equalization pursuant to Section 16331;
20 economic conditions and projections; stock market trends,
21 including data regarding capital gains and the exercise of stock
22 options; and an evaluation of the revenue forecast for the prior
23 fiscal year and the extent to which that forecast was accurate.

24 (b) Determine whether the amount of nonrecurring revenue
25 received during the prior fiscal year was less than the amount of
26 nonrecurring revenue for that fiscal year that was appropriated
27 pursuant to subdivision (a) of Section 16333, and provide a
28 certification of that determination to the Legislature, the Governor,
29 the Controller, and the public.

30 16333. (a) By June 25 of each year, based on the estimate
31 provided pursuant to subdivision (a) of Section 16332, the
32 Legislature shall estimate the amount of nonrecurring revenue
33 received for the current fiscal year. Except as provided in
34 subdivision (b), nonrecurring revenue shall be used for one-time
35 expenditures only and shall be appropriated in the Budget Bill for
36 the ensuing fiscal year.

37 (b) If the amount appropriated pursuant to subdivision (a) in a
38 prior fiscal year exceeded the amount of nonrecurring revenue
39 received during that fiscal year, the excess amount may be deducted

- 1 from the amount of nonrecurring revenue available for
- 2 appropriation in ensuing fiscal years pursuant to subdivision (a).

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